

## CHAPTER 1095

## AREA EDUCATION AGENCIES

H. F. 463

AN ACT relating to education by revising the board membership of area schools and area education agencies, and by revising the financing and operation of area education agencies and special education programs, and to make an appropriation.

*Be It Enacted by the General Assembly of the State of Iowa:*

Section 1. Section two hundred fifty-seven point ten (257.10), Code 1977, is amended by adding the following new subsection:

NEW SUBSECTION. Approve the salaries for area education agency administrators set by the area education agency boards.

Sec. 2. Section two hundred seventy-three point two (273.2), Code 1977, is amended by adding the following new unnumbered paragraph after unnumbered paragraph one (1).

NEW UNNUMBERED PARAGRAPH. An area education agency established under the provisions of this chapter is a body politic as a school corporation for the purpose of exercising powers granted under this chapter, and as such may sue and be sued. An area education agency may hold property and execute lease-purchase agreements pursuant to the provisions of section two hundred seventy-three point three (273.3), subsection seven (7), of the Code and if the purchase price of the property to be acquired pursuant to the lease-purchase agreement exceeds five thousand dollars, the lease-purchase agreement must be approved at the regular school election or a special election held throughout the area education agency. Section two hundred seventy-seven point three (277.3) of the Code is applicable to an election called under this section by the board of directors of an area education agency.

Sec. 3. Section two hundred seventy-three point two (273.2), unnumbered paragraph two (2), Code 1977, is amended to read as follows:

The area education agency board shall furnish educational services and programs ~~to the local school districts~~ as provided in sections 273.1 to 273.9 and chapter 281 to the pupils enrolled in public or nonpublic schools located within its boundaries which are on the list of approved schools pursuant to section two hundred fifty-seven point twenty-five (257.25) of the Code. The programs and services provided shall be

at least commensurate with programs and services existing on July 1, 1974. The programs and services provided to pupils enrolled in nonpublic schools shall be comparable to programs and services provided to pupils enrolled in public schools within constitutional guidelines.

Sec. 4. Section two hundred seventy-three point two (273.2), subsections three (3) and five (5), Code 1977, are amended to read as follows:

3. Research, demonstration projects and models, and educational planning for children under five years of age through grade twelve and children requiring special education as defined in section 281.2 as approved by the department state board of public instruction.

5. Other educational programs and services for children under five years through grade twelve and children requiring special education as defined in section 281.2 and for employees of school districts and area education agencies as approved by the department state board of public instruction.

Sec. 5. Section two hundred seventy-three point three (273.3), subsections three (3), five (5), eight (8), nine (9), ten (10), twelve (12), and thirteen (13), Code 1977, are amended to read as follows:

3. Provide data and prepare reports as directed by the superintendent of public instruction and the state board.

5. Be authorized, subject to rules and regulations of the department state board of public instruction, to provide directly or by contractual arrangement with public or private agencies for special education programs and services, media services, and other educational programs and services requested by the local boards of education as provided in this chapter, including but not limited to contracts for the area education agency to provide programs or services to the local school districts and contracts for local school districts, other educational agencies, and public and private agencies to provide programs and services to the local school districts in the area education agency in lieu of the area education agency providing such services. Contracts may be made with public or private agencies located outside the state if the programs and services comply with the rules of the department state board. The cost of such programs and services for each child shall not exceed the amount of money available through the area education agency of the child's residence for each child under chapters 281 and 442.

8. Be authorized, subject to the approval of the department state board of public instruction, to enter into agreements for the joint use of personnel, buildings, facilities, supplies and equipment with school corporations as deemed necessary to provide authorized programs and services.

9. Be authorized to make application for, accept, and expend state and federal funds that are available for programs of educational benefit approved by the department state board of public instruction, and co-operate with the department and the state board in the manner provided in federal-state plans or department rules in the effectuation and administration of programs approved by the department, or approved by other educational agencies, which agencies have been approved as a state educational authority.

10. In any county operating a juvenile home, upon request of the county board of supervisors ~~in-co-operation-with-and at-the-expense-of-the-school-districts-of-residence-of-the children-residing-in-the-home~~, provide suitable curriculum, teaching staff, books, supplies, and other necessary materials for the instruction of children of school age who are maintained in the juvenile home of the county, as provided in section 232.21. Reimbursement for the cost of instruction provided under this section shall be made pursuant to the first new section in section twelve (12) of the Act.

12. Employ such personnel as may be required, ~~if any~~, to carry out the functions of the area education agency which ~~may~~ shall include the employment of an administrator who shall possess a ~~superintendent's~~ certificate issued under the provisions of section 260.9. The administrator shall be employed pursuant to the provisions of section ~~279.44~~ two hundred seventy-nine point twenty (279.20) of the Code and the provisions of sections 279.23, 279.24, and 279.25. The salary ~~range~~ for an area education agency administrator shall be ~~from-seventeen-thousand-dollars-to-twenty-seven-thousand five-hundred-dollars-per-annum, including~~ established by the board based upon the previous experience and education of the administrator, subject to the salary limitations provided in this subsection. For the school year beginning July 1, 1978, the annual salary of an administrator shall not exceed twenty-nine thousand dollars if the area education agency has an approved budget for that year of less than seven million dollars and shall not exceed thirty thousand dollars if the area education agency has an approved budget for that year

of seven million dollars or more. For each school year thereafter, the annual salary established for an administrator shall not exceed one hundred percent, plus a percent equal to one-half of the state percent of growth established in section four hundred forty-two point seven (442.7) of the Code for the budget year, times the salary granted by the board for the preceding year for the administrator of that area education agency. The salary shall include the costs of additional benefits, over and above the additional benefits given all full-time employees. The provisions of section 279.13 shall apply to the area education agency board and to all teachers employed by the area education agency. The provisions of sections 279.23, 279.24, and 279.25 shall apply to the area education board and to all administrators employed by the area education agency. Salary rates established by the board shall be subject to the approval of the state board.

13. Prepare an annual budget estimating income and expenditures for programs and services as provided in sections 273.1 to 273.9 and chapter 281. The board shall give notice of a public hearing on the proposed budget by publication in an official county newspaper in each county located wholly or partially in the merged area. The notice shall specify the date which shall be not later than November tenth of each year, time, and location of the public hearing. The proposed budget as approved by the board shall then be submitted to the department state board of public instruction, on forms provided by the department, no later than December 4 first preceding the next fiscal year for approval. The state board shall forward copies of the budgets of the area education agencies to the state comptroller. The state board and the state comptroller shall establish a maximum statewide amount for approved budgets for the area education agencies. If the state board and the state comptroller cannot agree upon a maximum statewide amount, that amount shall be established by the school budget review committee. The department state board shall review the proposed budget of each area education agency with consideration given to the maximum statewide amount established pursuant to this subsection, and shall prior to January 1 first either grant approval or return the budget without approval with comments of the department state board included. Any unapproved budget shall be resubmitted to the department state board for final approval.

Sec. 6. Section two hundred seventy-three point three

(273.3), Code 1977, is amended by striking subsection eighteen (18).

Sec. 7. Section two hundred seventy-three point four (273.4), subsection three (3), Code 1977, is amended to read as follows:

3. Submit program plans each year to the department of public instruction, for approval by the state board of public instruction, to reflect the needs of the area education agency for media services as provided in section 273.6.

Sec. 8. Section two hundred seventy-three point six (273.6), subsection two (2), unnumbered paragraph one (1), Code 1977, is amended to read as follows:

Program plans submitted by the area education agency to the department of public instruction for approval by the state board of media centers under this subsection shall include all of the following:

Sec. 9. Section two hundred seventy-three point eight (273.8), subsection one (1), Code 1977, is amended to read as follows:

1. BOARD OF DIRECTORS. The board of directors of an area education agency shall consist of the same number of directors as are authorized to serve on the board of the merged area under the provisions of chapter 280A, within the area being served by the area education agency. The members of the area education agency board shall be elected from director districts in the manner provided in this section. Each director shall serve a three-year term which expires on the first Monday in October ~~7-except-that-directors-elected-at-the-initial-election-to-take-office-on-October-7-1974-7-shall-determine-their-respective-terms-by-lot-so-that-the-terms-of-one-third-of-the-members-7-as-nearly-as-may-be-7-shall-expire-on-the-first-Monday-of-October-of-each-succeeding-year.~~

Commencing with the director district conventions held in 1981, the board of directors of an area education agency shall consist of nine members.

Sec. 10. Section two hundred seventy-three point eight (273.8), subsection two (2), unnumbered paragraphs three (3) and six (6), Code 1977, are amended to read as follows:

The director district conventions shall be called and the locations of the conventions shall be determined by the area education agency administrator. Annually the director district conventions shall be held within two weeks following the regular school election. Notice of the time, date and place of the a director district conventions convention shall be

published by the area education agency administrator at least forty-five days prior to the day of the district conventions in at least one newspaper of general circulation in ~~the-merged area~~ the director district. The cost of publication shall be paid by the area education agency.

A candidate for election to the area education agency board may file a statement of candidacy with the area education agency secretary at least ten days prior to the date of the director district convention, on forms prescribed by the department of public instruction. The statement of candidacy shall include the candidate's name, address and school district. The list of candidates shall be sent by the secretary of the area education agency by ordinary mail to the presidents of the boards of directors of all school districts within the director district immediately following the last day for filing the statement of candidacy. The filing of a statement of candidacy shall not be a prerequisite or eligibility requirement for election as an area education agency director. ~~For-the-initial-director-district-convention the-statement-of-candidacy-shall-be-filed-with-the-county superintendent-who-determines-the-date-and-location-of-the district-convention-and-he-shall-send-the-list-of-candidates to-the-presidents-of-the-school-boards.~~ Delegates to director district conventions shall not be bound by a school board or any school board member to pledge their votes to any candidate prior to the date of the convention.

Sec. 11. Section two hundred seventy-three point nine (273.9), subsections three (3), four (4), and five (5), Code 1977, are amended to read as follows:

3. The costs of special education support services provided through the area education agency shall be funded by an increase in the allowable growth of each school district, determined as provided in section 442.7. Special education support services shall not be funded until the program plans submitted by the special education directors of each area education agency as required by section 273.5 are modified as necessary and approved by the ~~department~~ state board of public instruction according to the criteria and limitations of chapter 281 and section 442.7.

4. The costs of media services provided through the area education agency shall be funded as provided in section 442.27. Media services shall not be funded until the program plans submitted by the administrators of each area education agency

as required by section 273.4 are modified as necessary and approved by the department state board of public instruction according to the criteria and limitations of section 273.6 and of section 442.27.

5. The costs of ~~ether~~ educational services provided through the area education agency shall be funded within the limitations in section 442.27. The department state board of public instruction shall promulgate rules under chapter 17A, as necessary to implement performance of its approval duties under this section.

Sec. 12. Chapter two hundred seventy-three (273), Code 1977, is amended by adding the following new sections:

NEW SECTION. APPROPRIATION FOR REIMBURSEMENT OF INSTRUCTIONAL COSTS OF CHILDREN IN JUVENILE HOMES. The administrator of each area education agency shall determine annually the cost of instruction provided under section two hundred seventy-three point three (273.3), subsection ten (10), of the Code to a child of school age maintained in a juvenile home located in the area. The administrator shall certify the total yearly audited cost of instruction and the amount due for instruction, to the superintendent of public instruction not later than September first of each year for the preceding fiscal year. The state board of public instruction shall review the amount due and submit a requisition to the state comptroller. The amount due shall be paid by the treasurer of state to the area education agency from any funds in the general fund of the state not otherwise appropriated upon warrants drawn and signed by the state comptroller.

NEW SECTION. Funds generated for educational services under the provisions of section four hundred forty-two point twenty-seven (442.27) of the Code and subject to approval under the provisions of section two hundred seventy-three point nine (273.9), subsection five (5), of the Code shall not be expended by an area education agency for the purpose of assisting either a public employer or employee organization in collective bargaining negotiations under chapter twenty (20) of the Code if the public employer is a school district, or the employee organization consists of employees of a school district, located within the boundaries of the area education agency.

Sec. 13. NEW SECTION. DIRECTOR DISTRICTS. The commission established in chapter two hundred eighty A (280A) of the Code to redraw boundary lines following each federal decennial

census shall establish nine director districts for the area education agency, which are coterminous\* with the director districts for the board of directors of the merged area board, based upon census information obtained from the census of 1980 for use at the regular director district conventions held in 1981. If an area education agency board had five members in 1980, two additional members of the board shall be elected for two-year terms and two additional members of the board shall be elected for three-year terms. If an area education agency board had seven members in 1980, one additional member shall be elected for a two-year term and one additional member shall be elected for a three-year term. The terms of office of the additional members shall be determined by lot. Changes in the boundary lines of director districts shall not be construed as having the effect of lengthening or diminishing the term of office of any member of the board as a result of the changes in the boundary lines of director districts.

Sec. 14. Section two hundred eighty A point five (280A.5), subsection thirteen (13), Code 1977, is amended to read as follows:

13. The boundaries of director districts ~~which shall number not less than five or more than nine~~ if such districts have been agreed upon. Director districts shall be of approximately equal population.

Sec. 15. Section two hundred eighty A point twelve (280A.12), Code 1977, is amended to read as follows:

280A.12 GOVERNING BOARD. The governing board of a merged area shall be a board of directors composed of one member elected from each director district in the area by the electors of the respective district. Members of the board shall be residents of the district from which elected. Successors shall be chosen at the annual school elections for members whose terms expire on the first Monday in October following such elections. Terms of members of the board of directors shall be three years ~~except that members of the initial board of directors elected at the special election shall determine their respective terms by lot so that the terms of one-third of the members, as nearly as may be, shall expire on the first Monday in October of each succeeding year.~~ Vacancies on the board which occur more than ninety days prior to the next regular school election may be filled at the next regular meeting of the board by appointment by the remaining members

\*According to enrolled Act

of the board. A member so chosen shall be a resident of the district in which the vacancy occurred and shall serve until a member shall be elected pursuant to section 69.12 to fill the vacancy for the balance of the unexpired term. A vacancy shall be defined as in section 277.29. No member shall serve on the board of directors who is a member of a board of directors of a local school district or a member of an area education agency board.

Commencing with the regular school election in 1981, the governing board of a merged area shall consist of nine members.

Sec. 16. Section two hundred eighty A point twenty-three (280A.23), Code 1977, is amended by striking subsection two (2).

Sec. 17. Section two hundred eighty A point twenty-five (280A.25), subsection two (2), Code 1977, is amended to read as follows:

2. Change boundaries of director districts in any merged area when the ~~board-of-directors-of-the-area commission~~ fails to change boundaries as required ~~under-section-289A-23,~~ subsection-2 by law.

Sec. 18. Chapter two hundred eighty A (280A), Code 1977, is amended by adding the following new section:

NEW SECTION. BOUNDARIES OF DIRECTOR DISTRICTS. Boundary lines of director districts in the merged areas shall be redrawn after each census to compensate for changes in population if such population changes have taken place. A commission for the purpose of redrawing the boundary lines of the director districts of a merged area, composed of members of the boards of directors of each of the school districts located in the merged area, shall be called by the chairperson of the board of the merged area as soon as possible after census information is available. The chairperson of the board of the merged area shall preside over the commission but shall not have a vote on the commission. In votes of the commission, the vote of the board of the least populous school district in the merged area shall have a weight of one unit and the vote of the boards of each of the other school districts in the merged area shall have a weight which bears the same proportion to one unit as the population of the school district bears to the population of the least populous school district in the merged area.

Where feasible, boundary lines of director districts shall coincide with the boundary lines of school districts and the boundary lines of election precincts established pursuant

to sections forty-nine point three (49.3) to forty-nine point six (49.6) of the Code.

Director districts shall be of approximately equal population within each merged area.

Sec. 19. NEW SECTION. REDRAWING DIRECTOR DISTRICTS.

The commission established in this chapter to redraw boundary lines following each federal decennial census shall establish nine director districts for its merged area based upon census information obtained from the census of 1980 for use at the regular school election in 1981. If a merged area board had five members in 1980, two additional members of the board shall be elected for two-year terms and two additional members of the board shall be elected for three-year terms. If a merged area board had seven members in 1980, one additional member shall be elected for a two-year term and one additional member shall be elected for a three-year term. The terms of office of the additional members shall be determined by lot. Changes in the boundary lines of director districts shall not be construed as having the effect of lengthening or diminishing the term of office of any member of the board as the result of the changes of the boundary lines of director districts.

Sec. 20. Section two hundred eighty-one point two (281.2), subsection two (2), unnumbered paragraph one (1), Code 1977, is amended to read as follows:

"Special education" means classroom, home, hospital, institutional, or other instruction designed to meet the needs of children requiring special education as defined in subsection 1; transportation and corrective and supporting services required to assist children requiring special education, as defined in subsection 1, in taking advantage of, or responding to, educational programs and opportunities, as defined by rules of the department state board of public instruction.

Sec. 21. Section two hundred eighty-one point four (281.4), unnumbered paragraphs one (1), two (2), and three (3), Code 1977, are amended to read as follows:

The board of directors of any school district or area education agency, with the approval of the state department board of public instruction, may provide special education programs and services as defined in this chapter. If services are provided by the area education agency, with the approval of the department state board of public instruction, the board of directors of the area education agency with the co-operation

of the local school districts within its jurisdiction may:

The board of directors of the local district or the area education agency shall employ qualified teachers certified by the authority provided by law as teachers for children requiring such special education. The maximum number of pupils per teacher shall be determined by the board of directors of the local district or the area education agency board in accordance with the rules and regulations of the state department board of public instruction.

The board of directors of the local district or the area education agency may establish and operate one or more special education centers to provide diagnostic, therapeutic, corrective, and other services, on a more comprehensive, expert, economic and efficient basis than can be reasonably provided by a single school district. Such services, if offered by the area education agency board, may be provided in the regular schools using personnel and equipment of the area education agency or, whenever it is impractical or inefficient to provide them on the premises of a regular school, the area education agency may provide services in its own facilities. To the maximum extent feasible, such centers shall be established at and in conjunction with, or in close proximity to one or more elementary and secondary schools. Local districts or the area education agencies may accept diagnostic and evaluation studies conducted by other individuals, hospitals, or centers, if determined to be competent. Children requiring special education services may be identified in any way that the department of public instruction, as approved by the state board of public instruction, determines to be reliable. Centers established pursuant to this section may contain classrooms and other educational facilities and equipment to supplement instruction and other services to handicapped children in the regular schools, and to provide separate instruction to children whose degree or type of educational handicap makes it impractical or inappropriate for them to participate in classes with normal children.

Sec. 22. Section two hundred eighty-one point seven (281.7), Code 1977, is amended to read as follows:

281.7 EXAMINATIONS OF CHILDREN. In order to render proper instruction to each child requiring special education, the school districts shall certify children requiring special education for special instruction in accordance with the requirements set up by the division of special education and

shall provide examinations for children preliminary to making certification. The examinations necessary for the certification of children requiring special education shall be prescribed by the state division of special education. Final decision in case of disagreement or appeal shall be the responsibility of the state superintendent board of public instruction, ~~who~~ which may secure the advice of competent medical and educational authorities including the state department of health, the university hospitals, the state department of social welfare, the superintendent of the state school for the deaf, the superintendent of the Iowa braille and sight-saving school, and the superintendent of the state tuberculosis sanatorium.

Sec. 23. Section two hundred eighty-one point nine (281.9), subsection four (4), Code 1977, is amended to read as follows:

4. On December 1, 1975, and no later than December 4 first every two years thereafter, for the school year commencing the following July 4 first, the superintendent of public instruction shall report to the school budget review committee the average costs of providing instruction for children requiring special education in the categories of the weighting plan established under this section, and the state board of public instruction shall make recommendations to the school budget review committee for needed alterations to make the weighting plan suitable for subsequent school years. The school budget review committee shall establish the weighting plan for each school year after the school year commencing July 1, 1975, and shall report the plan to the superintendent of public instruction. The school budget review committee shall not alter the weighting assigned to pupils in a regular curriculum, but it may increase or decrease the weighting assigned to each category of children requiring special education by not more than two-tenths of the weighting assigned to pupils in a regular curriculum. The ~~department~~ state board of public instruction shall promulgate rules under chapter 17A, to implement the weighting plan for each year and to assist in identification and proper indexing of each child in the state who requires special education.

Sec. 24. Section two hundred eighty-one point nine (281.9), Code 1977, is amended by adding the following new subsection:

NEW SUBSECTION. Commencing with the school year beginning July 1, 1976, costs of special education instructional programs include the costs of purchase of transportation equipment to meet the special needs of children requiring special

education and for each school year subsequent to the school year beginning July 1, 1977 the inclusion of such costs shall be subject to the approval of the state board of public instruction. Unencumbered funds generated for special education instructional programs for the school year beginning July 1, 1975 and for the school year beginning July 1, 1976 shall not be expended for such purposes unless approved by the department based upon applications received by the department prior to January 1, 1978 and approved prior to April 1, 1978.

Commencing with the school year beginning July 1, 1976, a school district may expend an amount not to exceed two-sevenths of an amount equal to the district cost of a school district for the costs of regular classroom instruction of a child certified under the special education weighting plan in section two hundred eighty-one point nine (281.9), subsection one (1), paragraph b, Code 1977, as a handicapped pupil who is enrolled in a special class, but who receives part of his or her instruction in a regular classroom. Unencumbered funds generated for special education instructional programs for the school year beginning July 1, 1975 and for the school year beginning July 1, 1976 shall not be expended for such purpose.

Commencing with the school year beginning July 1, 1975, funds generated for special education instructional programs under chapters two hundred eighty-one (281) and four hundred forty-two (442) of the Code shall not be expended for modifications of school buildings to make them accessible to children requiring special education. Unencumbered funds generated for special education instructional programs for the school years beginning July 1, 1975 and July 1, 1976, shall not be expended for such purpose unless approved by the department of public instruction based upon applications received by the department prior to January 1, 1978 and approved prior to April 1, 1978.

Sec. 25. Section two hundred eighty-one point eleven (281.11), Code 1977, is amended to read as follows:

281.11 PROGRAM PLANS. Program plans submitted to the department of public instruction pursuant to section 273.5 for approval by the state board of public instruction shall establish all of the following:

1. That there are sufficient children requiring special education within the area.
2. That the service or program will be provided by the

most appropriate educational agency.

3. That the educational agency providing the service or program has employed qualified special educational personnel.

4. That the instruction is a natural and normal progression of a planned course of instruction.

5. That all revenue raised for support of special education instruction and services is expended for actual delivery of special education instruction or services.

6. Other factors as the department state board may require.

Sec. 26. Chapter two hundred eighty-one (281), Code 1977, is amended by adding the following new section:

NEW SECTION. CHILDREN PLACED BY DISTRICT COURT.

Notwithstanding the provisions of section two hundred eighty-two point twenty-seven (282.27) of the Code, a child who has been identified as requiring special education who has been placed in a facility or home by the district court, and for whom parental rights have been terminated by the district court, shall receive special education programs and services on the same basis as the programs and services are provided for children requiring special education who are residents of the school district in which the child has been placed. The special education instructional costs shall be certified to the superintendent of public instruction not later than September first of each year for the preceding fiscal year by the area education agency director of special education of the district in which the child has been placed. The state board of public instruction shall review the costs and submit a requisition to the state comptroller. The amount due shall be paid by the treasurer of state to the school district or agency providing the program from any funds in the general fund of the state not otherwise appropriated upon warrants drawn and signed by the state comptroller.

Sec. 27. Section two hundred eighty-two point twenty-seven (282.27), Code 1977, is amended to read as follows:

282.27 PAYMENT FOR CERTAIN CHILDREN. When a child requiring special education is living in a state-supported institution, charitable institution, or licensed boarding home as defined in this chapter which does not maintain a school and the residence of the child requiring special education is in a school district other than the school district in which the state-supported institution, charitable institution, or licensed boarding home is located, the child is eligible for special education programs and services provided for children requiring special education who are

residents of the school district in which the institution or boarding home is located. The special education instructional costs shall be computed by means of weighted enrollment for that child under the provisions of chapters 273, 281, and 442 as if that child were a resident of the school district in which the institution or boarding home is located but the child shall be included in the enrollment count in the district of residence in the manner provided in sections 281.9 and 442.4. The costs as computed shall be paid by the district of residence. No child requiring special education shall be denied special education programs and services because of a dispute over determination of residence of that child. If there is a dispute over the residence of the child cannot-be-determined,-the-district in-which-the-institution-or-boarding-home-is-located-shall provide-the-special-education-programs-and-services-appropriate for-that-child-and-shall-compute-the-costs-by-means-of-the weighted-enrollment-and-may-apply-to-the-school-budget-review committee-for-reimbursement-until-the-dispute-over-residence of-the-child-is-resolved, the state board of public instruction shall determine the residence of the child. However, if the special education instructional costs incurred on behalf of the child exceed the amount which would be allowed if the child were provided the programs and services in the district of residence, the treasurer of the school district of residence shall make payment at the maximum amount allowed in that district for a child requiring special education who is similarly handicapped. If the child requiring special education is not counted in the weighted enrollment of any district under section 281.9, and payment is not made by any district, the district in which the institution or boarding home is located may make-application-for-reimbursement-from the-school-budget-review-committee certify the special education instructional costs to the superintendent of public instruction not later than September first of each year for the preceding fiscal year. The state board of public instruction shall review the costs and submit a requisition to the state comptroller. The amount due shall be paid by the treasurer of state to the district in which the institution or licensed boarding home is located from any funds in the general fund of the state not otherwise appropriated upon warrants drawn and signed by the state comptroller. For the purposes of this section, the term "district of residence

of the child" means the residence of the parent or legal guardian, or the location of the district court if the district court is the legal guardian, of the child.

Sec. 28. Section four hundred forty-two point one (442.1), Code 1977, is amended to read as follows:

442.1 STATE SCHOOL FOUNDATION PROGRAM. This chapter establishes a state school foundation program. For each school year, each school district in the state is entitled to receive state school foundation aid, which shall be an amount per pupil equal to the difference between the amount per pupil of foundation property tax in the district, and the state foundation base or the district cost per pupil, whichever is less. However, if the amount so determined for any district is less than two hundred dollars per pupil, the district is entitled to receive not less than two hundred dollars per pupil. However, if the receipt of two hundred dollars by a school district plus the money raised by the foundation property tax exceeds the maximum allowed district cost for the budget year, the district shall be entitled to receive in state foundation aid an amount equal to the difference between the money raised by the foundation property tax for the budget year and the district cost for the budget year. In making computations and payments under this chapter, except in the case of computations relating to funding of special education support services, media services and ~~other~~ educational services provided through the area education agencies, the state comptroller shall round amounts to the nearest whole dollar.

Sec. 29. Section four hundred forty-two point two (442.2), Code 1977, is amended by adding the following new subsection:

NEW SUBSECTION. For the school year beginning July 1, 1978, and for each subsequent school year, if an area education agency does not serve nonpublic school pupils in a manner comparable to services provided public school pupils for media and educational services, as determined by the state board of public instruction, the state board shall instruct the state comptroller to reduce the funds for media services and educational services one time by an amount to compensate for such reduced services. The media services budget shall be reduced by an amount equal to the product of the cost per pupil in basic enrollment for media services in the budget year times the difference between the enrollment served and the basic enrollment recorded for the area for the budget

year beginning July 1, 1975. The educational services budget shall be reduced by an amount equal to the product of the cost per pupil in basic enrollment for educational services in the budget year times the difference between the enrollment served and the basic enrollment recorded for the budget year beginning July 1, 1975.

The provisions of this subsection shall apply only to media and educational services which cannot be diverted for religious purposes.

Notwithstanding the provisions of this subsection, an area education agency shall distribute to nonpublic schools media materials purchased wholly or partially with federal funds in a manner comparable to the distribution of such media materials to public schools as determined by the state board of public instruction.

Sec. 30. Section four hundred forty-two point seven (442.7), subsection seven (7), paragraphs d and e, Code 1977, are amended to read as follows:

d. For each year following the school year beginning July 1, 1975, by adding to the basic allowable growth an amount to compensate for the additional costs of special education support services provided through the area education agency. ~~The~~ For the school years beginning July 1, 1978 and July 1, 1979 only, the total amount for each area shall be based-upon the-amount-needed-in-the-area-to-serve-children-newly-identified-as-requiring-the-services-pursuant-to-plans submitted-by-the-special-education-director-of-the-area education-agency-as-required-by-section-273.5, which shall be-modified-as-necessary-and-approved-by-the-department-of public-instruction-according-to-the-criteria-and-limitations of-section-273.5-and-chapter-284 equal to the total amount approved for special education support services for the base year times one hundred percent plus the state percent of growth. In addition to the amount provided in this paragraph to each area for the school years beginning July 1, 1978 and July 1, 1979 to compensate for the additional costs of special education support services, each area may be granted by the state board an additional amount to serve children newly-identified as requiring the services pursuant to plans submitted by the special education director of the area education agency as required by section two hundred seventy-three point five (273.5) of the Code. The total of additional amounts granted throughout the state by the state board for the school year beginning July 1, 1978 shall not exceed the

total amount approved for special education support services for the school year beginning July 1, 1977 times four and eighty-seven hundredths percent, and for the school year beginning July 1, 1979 shall not exceed the total amount approved for special education support services for the school year beginning July 1, 1978 times three percent. For the school year beginning July 1, 1980 and each school year thereafter the total amount for the state for special education support services shall not exceed the total amount approved for special education support services for the base year times one hundred percent plus the state percent of growth, and the total amount for each area shall be determined by the state board of public instruction pursuant to plans submitted by the special education director of the area education agency as required by section two hundred seventy-three point five (273.5) of the Code, which shall be modified as necessary and approved by the state board of public instruction according to the criteria and limitations of section two hundred seventy-three point five (273.5) and chapter two hundred eighty-one (281) of the Code and within the total amount for the state provided in this paragraph. The amount of additional allowable growth per pupil for the budget year for each district in an area shall be determined by dividing the total amount for the area so determined by the weighted enrollment of the area for the budget year.

e. For the additional allowable growth computed under paragraphs "c" ~~or~~ and "d" of this subsection, the department state board of public instruction, in co-operation with the appropriate personnel of the area education agency, shall determine the amounts for each area education agency, as required and the state comptroller shall calculate the amounts of additional allowable growth for each district necessary to fund the total special education support services costs as increased for the budget year under paragraph "d" of this subsection, and shall calculate the amounts due from each district to its area education agency by multiplying the additional allowable growth per pupil necessary to fund the total special education support services costs as increased for the budget year under paragraph "d" of this subsection by the weighted enrollment in the district for the budget year. The state comptroller shall deduct the amounts so calculated for each school district from the state aid due to the district pursuant to this chapter and shall pay the amounts to the area education agencies on a quarterly basis

during each school year. The state comptroller shall notify each school district of the amount of state aid deducted for this purpose and the balance of state aid will be paid to the district. If a district does not qualify for state aid under this chapter in an amount sufficient to cover its amount due to the area education agency as calculated by the state comptroller, the school district shall pay the deficiency to the area education agency from other moneys received by the district, on a quarterly basis during each school year.

Sec. 31. Section four hundred forty-two point nine (442.9), subsection one (1), paragraph b, Code 1977, is amended to read as follows:

b. The district cost for the budget year is equal to the district cost per pupil for the budget year multiplied by the weighted enrollment, plus the additional cost allocated to the district under section 442.27 to fund media services and other educational services provided through the area education agency. A school district may not increase its district cost for the budget year except to the extent that an excess tax levy is authorized by the school budget review committee as provided in section 442.13, subsection 7.

Sec. 32. Section four hundred forty-two point thirteen (442.13), Code 1977, is amended by adding the following new subsection:

NEW SUBSECTION. The committee shall review the budget of each school district which has a positive balance of funds raised for weighted enrollment in excess of the district cost per pupil received for special education instruction programs which were not validly encumbered during the school year in which the funds were received. The committee may reduce the property tax levy of the school district for the budget year by the amount of the carry-over special education instruction funds which were property tax during the year of receipt in the school year prior to the base year. If the committee reduces the property tax to be levied, it shall reduce the state aid to be received by the school district for the budget year by the state aid portion of the special education instruction funds carried over from the school year prior to the base year. The committee shall notify the comptroller of the combined property tax and state aid adjustments to be made under this subsection.

Sec. 33. Section four hundred forty-two point thirteen (442.13), subsection five (5), Code 1977, is amended by adding

the following new lettered paragraph:

NEW LETTERED PARAGRAPH. Unusual needs for additional funds for special education instruction in excess of the special education instruction funds generated under the provisions of section two hundred eighty-one point nine (281.9) of the Code, for districts that do not carry over a positive balance of special education instruction funds which were not encumbered during the year of receipt.

Sec. 34. Section four hundred forty-two point twenty-seven (442.27), unnumbered paragraph one (1), is amended to read as follows:

Media services and ~~other~~ educational services provided through the area education agencies shall be funded, to the extent provided, by an addition to the district cost of each school district, determined as follows:

Sec. 35. Section four hundred forty-two point twenty-seven (442.27), Code 1977, is amended by striking subsections two (2) and three (3) and inserting in lieu thereof the following:

2. For the school year beginning July 1, 1978 and each succeeding budget year, the total amount funded for each area for media services excluding the cost for media resource material shall be the total amount funded in the area for media service in the base year times the sum of one hundred percent plus the state percent of growth plus the costs for media resource material for the budget year.

Each year subsequent to the school year beginning July 1, 1980, the total amount to be funded for media services, including the costs for media resource material which shall only be used for the purchase or replacement of material required in section two hundred seventy-three point six (273.6), subsection one (1), paragraphs a, b and c, of the Code, shall be equal to the budget in the base year in the area times the sum of one hundred percent plus the state percent of growth.

3. a. However, for the budget year beginning July 1, 1978, each area in which the amount funded for media services per pupil without inclusion of the costs for media resource material is less than the maximum media service cost per pupil for the enrollment served during the budget year, that area shall receive additional funding for equalization purposes as provided in this paragraph. Each such area shall be funded, in addition to the amount funded under the provisions of subsection two (2) of this section, an amount equal to one-

third of the difference between the product of the maximum media service cost per pupil times the enrollment served in the budget year in the area and that amount the area is eligible to receive for media services other than for media resource material under subsection two (2) of this section. For the budget year beginning July 1, 1979, each area in which the amount funded for media services, other than for media resource material, is less than the maximum media service cost per pupil for the enrollment served in the area in the budget year, in addition to the amount funded for media services other than media resource material under the provision of subsection two (2) of this section, shall be funded at an amount equal to one-half of the difference between the product of the maximum media service cost per pupil times the enrollment served in the budget year in the area and that amount the district is eligible to receive under subsection two (2) of this section for media services other than for media resource material. For the budget year beginning July 1, 1980, each area shall be funded at that amount generated by multiplying the maximum media service cost per pupil times the enrollment served in the area for the budget year.

For the purposes of this section "maximum media service cost per pupil" means, for the school year beginning July 1, 1978, one hundred percent plus the state percent of growth times eight dollars without inclusion of the cost for media resource material. For each succeeding school year prior to the school year beginning July 1, 1981, the "maximum media service cost per pupil" without inclusion of the cost of media resource material shall be equal to the one hundred percent plus the state percent of growth for the budget year times the maximum media service cost per pupil for the base year.

b. In addition to the funding provided for media services under subsections one (1) and two (2) of this section and paragraph a of this subsection, for the school year beginning July 1, 1978, an amount shall be funded to be added to media service funds for each area for purchase and replacement of media resource material required in section two hundred seventy-three point six (273.6), subsection one (1), paragraphs a, b and c, of the Code. The amount shall be equal to three dollars times the enrollment served in the area in the budget year. For each succeeding school year subsequent to the school year beginning July 1, 1978, and prior to the school year beginning July 1, 1981, the amount to fund media resource

material, which shall only be used for the purchase and replacement of material required in section two hundred seventy-three point six (273.6), subsection one (1), paragraphs a, b and c, of the Code, shall be equal to the total amount funded in the area for media resource material in the base year times the sum of one hundred percent plus the state percent of growth.

Sec. 36. Section four hundred forty-two point twenty-seven (442.27), subsections four (4) through nine (9), Code 1977, are amended to read as follows:

4. For the budget year beginning July 1, 1975, the total amount funded in each area for ~~other~~ educational services shall be an amount equal to ten dollars times the enrollment served in the area in the budget year.

5. For each succeeding budget year, the total amount funded in each area for ~~other~~ educational services shall be the total amount funded in the area for ~~other~~ educational services in the base year times the sum of one hundred percent plus the state percent of growth. ~~Part-of-the-amount-funded-for-other-services-may-be-used-by-the-area-education-agencies-for-nonrecurring-media-costs-for-the-school-year-beginning July-1-1975.~~

6. Of the total amounts funded in each area each year for media services and ~~other~~ educational services, a portion shall be allocated to each district in the area. The portion to be allocated to each district in an area shall be the same percentage of the total amount that the enrollment served in the budget year in the district is of the enrollment served in the budget year in the area.

7. The portion allocated to each district in an area each budget year for media services and ~~other~~ educational services shall be added to the district cost of that district for the budget year as provided in section 442.9.

8. The ~~department~~ state board of public instruction and the state comptroller shall determine the total amounts funded in each area for media services and ~~other~~ educational services each year, and the amounts to be allocated to each district. The state comptroller shall deduct the amounts so calculated for each school district from the state aid due to the district pursuant to this chapter and shall pay the amounts to the districts' area education agencies on a quarterly basis during each school year. The state comptroller shall notify each school district the amount of state aid deducted for this purpose and the balance which will be paid to the district.

If a district does not qualify for state aid under this chapter in an amount sufficient to cover the amount due to its area education agency as calculated by the state comptroller, the school district shall pay the deficiency to its area education agency from other moneys received by the district, on a quarterly basis during each school year.

9. "Enrollment served" means the basic enrollment plus the number of nonpublic school pupils served with media services or ~~other~~ educational services, as applicable, except that if a nonpublic school pupil receives services through an area other than the area of the pupil's residence, the pupil shall be deemed to be served by the area of his residence, which shall by contractual arrangement reimburse the area through which the pupil actually receives services. For the budget year beginning July 1, 1975, the total number of nonpublic pupils served by each area education agency and the number of nonpublic school pupils residing within each school district in the area to be served by the area education agency for media and ~~other~~ educational services shall be submitted by the department of public instruction as approved by the state board to the state comptroller within one week after this Act is duly published. For school years subsequent to the school year beginning July 1, 1975, each school district shall include in the second Friday in January enrollment report the number of nonpublic school pupils within each school district for media and ~~other~~ educational services served by the area.

Sec. 37.

1. The purpose of this section is to reduce the school district balances for special education instruction programs which were not expended for special education instruction.

2. For the purposes of this section, "unencumbered special education instruction funds" means those funds received by a school district for special education instruction programs for the school years beginning July 1, 1975, July 1, 1976, and July 1, 1977, for special education instruction which were not encumbered prior to January 1, 1978, or which were not an approved expenditure by the department of public instruction based upon applications for approval received by the department prior to January 1, 1978. The unencumbered special education instruction funds shall be those funds received for special education instruction programs based on funds raised for weighted enrollment in excess of the district cost per pupil times the adjusted enrollment in the

year of receipt.

3. The state comptroller shall reduce the total state aid to be received by a school district in the school year beginning July 1, 1978, by sixty-five percent of the unencumbered special education instruction funds of the district. The amount shall be certified to the state comptroller by the department of public instruction upon request by the state comptroller.

4. Notwithstanding the provisions of section four hundred forty-two point nine (442.9) of the Code, for the school year beginning July 1, 1978, the state comptroller shall reduce for each school district the amount of property tax to be levied for the school year by an amount equal to thirty-five percent of the unencumbered special education instruction funds.

5. Notwithstanding subsections three (3) and four (4) of this section, a school district receiving the minimum state aid under the provisions of section four hundred forty-two point one (442.1) of the Code, shall have the state aid to be received for the budget year beginning July 1, 1978, reduced by the portion of unencumbered special education instruction funds that two hundred dollars per pupil is of the school district's district cost per pupil for the school year beginning July 1, 1977. The property tax to be levied for the school district shall be reduced by the unencumbered special education instruction funds remaining after reduction for the state aid portion of such funds as provided in this subsection.

6. There is appropriated to the school budget review committee the sum of one million three hundred thousand (1,300,000) dollars, or so much thereof as may be necessary for the fiscal year commencing July 1, 1978 and ending June 30, 1979 from funds in the general fund of the state resulting from reduced state foundation aid to school districts for the school year beginning July 1, 1978 because of the reduction of state aid under subsections three (3) and five (5) of this section. The funds shall be distributed by the school budget review committee as supplemental aid to school districts which demonstrate unusual need for additional funds for special education instructional programs, and such supplemental aid shall be miscellaneous income and shall not be included in district cost.

7. There is appropriated to the school budget review committee the sum of two hundred thousand (200,000) dollars,

or so much thereof as may be necessary for the fiscal year commencing July 1, 1978 and ending June 30, 1979 from funds in the general fund of the state for either the purposes set forth in subsection six (6) of this section or for general fund expenditures of the local school district as approved by the school budget review committee.

Sec. 38. Notwithstanding the provisions of chapters two hundred seventy-three (273), two hundred eighty-one (281), and four hundred forty-two (442) of the Code, relating to the allocation of the special education support services costs to the school districts for the school year beginning July 1, 1978, and ending June 30, 1979, the state comptroller shall reduce the amount to be allocated among the school districts in each area education agency by the following balances. The following amounts shall be used by the area education agency to fund the reduction in special education support services costs allocated to the school districts in each area. The amount of the special education support services cost to be reduced for each area shall be equal to:

Area 1 .....	\$ 702,897
Area 2 .....	\$ 138,774
Area 3 .....	\$ 151,271
Area 4 .....	\$ 143,285
Area 6 .....	\$ 552,907
Area 7 .....	\$ 590,770
Area 9 .....	\$ 168,557
Area 10 .....	\$ 3,117
Area 11 .....	\$ 919,888
Area 12 .....	\$ 202,677
Area 13 .....	\$ 121,120
Area 14 .....	\$ 45,291
Area 15 .....	\$ 204,561

The state comptroller shall reduce the state cost per pupil for the school year beginning July 1, 1978 and ending June 30, 1979, by the average special education support services cost reduction per pupil in weighted enrollment computed by dividing the sum of the special education support services cost reductions provided in this section by the weighted enrollment in the state. The state comptroller shall reduce the foundation base for only the school year beginning July 1, 1978 and ending June 30, 1979, computed under section four hundred forty-two point three (442.3) of the Code, prior to reductions in special education support services costs under

this section, by the amount per pupil in weighted enrollment that the state cost per pupil in weighted enrollment is reduced under this section. The state comptroller shall reduce each school district cost per pupil by the amount of the special education support services cost reduction per pupil in weighted enrollment in the area computed by dividing the reduction in the area of the special education support services cost by the weighted enrollment in the area.

Sec. 39. This Act, being deemed of immediate importance, shall take effect and be in force from and after its publication in *The Sun & The Hawkeye Record-Herald*, a newspaper published in Mount Vernon, Iowa, and in the *Lenox Time Table*, a newspaper published in Lenox, Iowa.

Approved June 13, 1978

I hereby certify that the foregoing Act, House File 463, was published in *The Sun & The Hawkeye Record-Herald*, Mount Vernon, Iowa on June 22, 1978 and in the *Lenox Time Table*, Lenox, Iowa on June 22, 1978.

MELVIN D. SYNHORST, *Secretary of State*

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## CHAPTER 1096

### SCHOOL DISTRICT REORGANIZATION

H. F. 2359

AN ACT relating to reorganization procedures for school districts.

*Be It Enacted by the General Assembly of the State of Iowa:*

Section 1. Section two hundred fifty-seven point twenty-five (257.25), subsection eleven (11), unnumbered paragraph one (1), Code 1977, is amended to read as follows:

The state board of public instruction shall remove for cause, after due investigation and notice, any school or school district from the approved list which fails to comply with such approval standards and rules in the manner prescribed in this subsection. The state board shall allow a reasonable period of time after notification of noncompliance, not to exceed the following school year, for compliance with such approval standards and rules. ~~if-the-school-or-school-district-is-making-a-good-faith-effort-and-substantial-progress-toward full-compliance-and-if-the-failure-to-comply-is-due-to-factors~~